

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7962

BILL NUMBER: SB 598

NOTE PREPARED: Jan 17, 2005

BILL AMENDED:

SUBJECT: Charter schools.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Department of Education to publish in its school performance reports, in addition to ISTEP scores, any nationally recognized comprehensive assessment program data submitted by a school corporation, including a charter school. It increases the review period for applications to become a charter school. The bill eliminates a restriction prohibiting charter schools from providing home based instruction. It requires the Department of Education to obtain federal funding for charter schools. It also indicates that a charter school may use a private auditor and prepare financial reports in addition to audits and financial reports required by the state board of accounts. The bill provides that the law governing grants to alternative school programs applies to charter schools.

Effective Date: Upon passage.

Explanation of State Expenditures: *Annual Report:* The annual performance report published on the Internet for a school corporation, including charter schools, must include any results of nationally recognized assessments of student other than ISTEP that the school uses to measure performance. The bill could increase the cost of the Department of Education in maintaining the website. The primary cost would probably be in modifying the website. The cost would probably be minor.

Federal Charter School Funds: The Department of Education is to identify and apply for all federal funds that charter schools may be eligible to receive. The Department also has to distribute federal charter funds within 30 days of the receipt of funds. The Department could have some increased costs in identifying and administering federal charter funds.

Alternative School Grants: Charter schools would be eligible to receive Alternative School Grants. Currently, charter schools are not eligible to receive the grants. The current appropriation is about \$6.4 M and serves 31,955 students. The bill would increase the number of students in the program by an unknown number.

Electronic Instructional Services: The bill removes the requirement that a charter school may not provide home-based instruction. Charter schools would be able to offer instructional services through the Internet or by any manner by computer. To the extent that the provision of these services increase the enrollment of charter schools, the distribution of school funding could be impacted. The bill could increase the ADM used in the school formula calculations for charter schools, as well as impacting the formula calculations of other schools. The impact would depend on future school funding formulas and appropriations for calendar year caps on tuition support.

Explanation of State Revenues:

Explanation of Local Expenditures: *Charter School Review:* The sponsor would have 75 days instead of 60 days to review a charter school application. The change would not have a fiscal impact.

Financial Reports: The bill allows, but does not require, charter schools to use any school resources to prepare additional financial reports and audits the schools determine necessary. These reports would be in addition to the audit required by the State Board of Accounts. The impact would be dependent on local action.

Explanation of Local Revenues: *See Explanation of State Expenditures.*

State Agencies Affected: Department of Education.

Local Agencies Affected: Charter Schools.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.